



IRS

Modernization Information
Technology Services

Teaming for Results

MITs – Mission, Values, Goals



Mission:

*To deliver Information Technology services
and solutions that drive effective tax
administration to ensure public confidence*

Core Values:

Service, Teamwork, Respect, Integrity, Partnership, Excellence

Goals

Improve Service
to
Our Customers

Deliver
Modernized
Systems and
Infrastructure

Increase the
Value of
MITs Resources

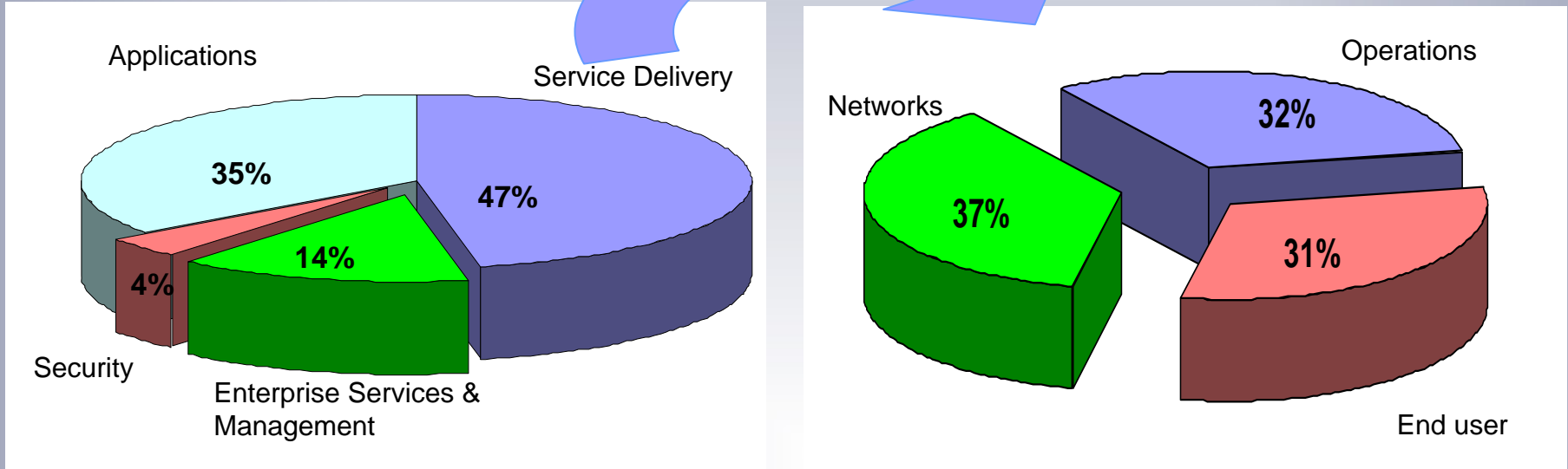
Assure the
Security and
Resilience of IT
Systems and Data

MITIS – Scope of Activities

- MITIS has a very broad portfolio including a full range of IT functions:
 - Computing Centers
 - End User Support (help desk and field technicians)
 - Applications Development and Maintenance
 - Major Systems Modernization (Modernized and Non-Modernized Systems)
 - Architecture and Engineering
 - Security

FY 2008 IT Spend by Service

Total MITS Spend = \$1.906 billion



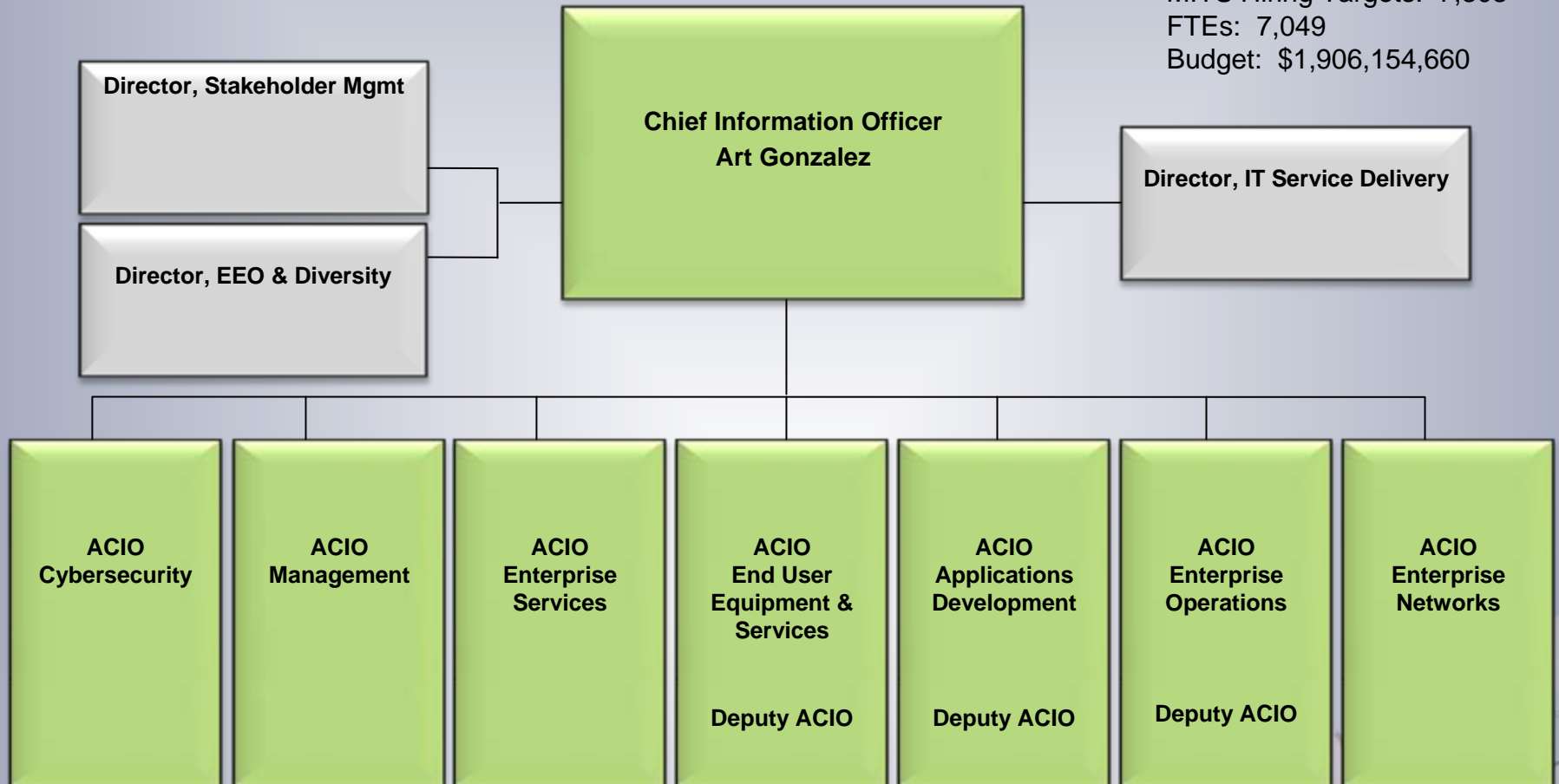
- 35% is aligned with Applications – the actual product required by the businesses to deliver tax administration
- 47% is aligned with Service Delivery– the actual technology delivery vehicles.
- 14% is aligned with Enterprise-wide services and support including architecture, engineering, planning and administration.
- 4% is aligned with Security

Key IRS/MITS Metrics

METRIC	MAGNITUDE
Individual Master File Taxpayer Accounts	235 million
Business Master File Taxpayer Accounts	53.4 million
Tax Exempt and Government Entities (e.g. federal, state & local governments, federal agencies, charities, Indian tribes, pension plans)	3 million entities > \$8 trillion in assets managed
Tax Revenues Collected Per Year	\$ 2.1 trillion
IRS Employees	105,000
Total IRS Locations	755
IRS Computing Centers	3
Main Frames	18
Servers	5,200
Desktop and Laptop Computers	>120,000
Printers	>74,000
Business Partners	> 10,000
IRS Legacy Business Systems	> 450
IRS Legacy Data Storage	> 100 terabytes
Taxpayer Inquiries per Week	23 million
Tax Law Changes per Year	> 200
FISMA Compliance	20 general support systems (GSSs)

MITIS Organization

MITIS Hiring Targets: 7,303
FTEs: 7,049
Budget: \$1,906,154,660



Cybersecurity: Offerings

- Provide management and oversight over the IRS-wide IT security program in accordance with the requirements of FISMA.
- Responsible for:
 - IRS IT security policy and process guidance
 - Systems security certification
 - Systems security testing
 - Security training
 - FISMA compliance reviews
 - Disaster recovery coordination
 - Operation of the computer security incident response center (CSIRC)

Cybersecurity: Key Initiatives

- **Certification and Accreditation** – Complete the FISMA compliant updates to the security certification and accreditation packages for all IRS applications and general support systems by the end of 2008
- **Material Weaknesses** – Develop a comprehensive and effective computer security material weakness corrective action plan by mid-January 2008
- **Identity Theft and Online Fraud** – Ramp up CSIRC capabilities and tools needed to more effectively identify and respond to phishing incidents, identity theft, and online fraud
- **IT Systems Disaster Recovery** – Enhance disaster recovery capabilities, focusing on most critical business processes
- **FISMA** – Implement steps to raise Treasury/IRS report card grade to a “C” or better
- **CSIRC** – Field tools to more effectively monitor security compliance and overall enterprise-wide security risk posture
- **GAO Financial Statement Audit** – Coordinate actions to ensure IT security is fixed at Detroit Computing Center

Cybersecurity: Challenges

- Eliminate repeat audit findings and resolve the security weaknesses identified in operational IT systems
- Maintain Federal Information Systems Management Act (FISMA) compliance and complete the extensive annual FISMA IT systems security controls testing requirements while supporting the operational demands of filing season
- Develop and refine strategies to address the increase in Phishing incidents, identity theft, fraud incidents, and victim notification requirements
- Make measurable progress in providing security auditing and disaster recovery capabilities for our most critical systems (material weaknesses)
- Balance “adequate” security with business application functionality enhancements

Management: Offerings

- Partner with MITS leadership to provide the policy, direction and administration of programs essential to MITS' business:
 - Human Capital
 - Strategic Planning
 - Performance Measurement
 - Budget and investment Control

Management: Key Initiatives

- Leadership Succession Review
 - ID and Develop candidates for management and leadership positions
- Reduce Staffing Gap
 - 2007 achieved 47% reduction
 - Continue to reduce gap in 2008
- FY 2008-2009 Strategy & Program Plan
 - Informs Commitments, High Priority Initiatives and Measures
- Build on Basic Performance Measures
 - 2007 Cost and Performance Transparency Measures
 - 2008 OMB IT Initiative Line of Business Measures and Targets
- Effective Planning and Management of IT Investments through the CPIC Process
 - Improve/Institutionalize Governance Process
 - OMB Approval of Investment Portfolio
- Improve Financial Processes

Management: Challenges

- Increase recruitment and hiring to fully staff MITS and keep up with attrition of aging workforce
- Succession planning – Recruitment of the right employees with the right competencies and continuous build-up of skills and abilities to meet future MITS needs
- Evolve E-300 policy/procedure as IRS, Treasury & OMB processes mature
 - Right-sizing policies, procedures and reporting requirements according to investment characteristics (DME and/or O&M).
- Fund Infrastructure and Critical Unfunded Requirements
 - 2008 Critical Unfunded Requirements approximately \$220M
- Possible major reduction in FY09 budget
- Extended Continuing Resolution

Enterprise Services: Offerings

- Provide essential cross-cutting IT functions and services
- Deliver the IRS Enterprise Architecture and integrate with Treasury EA
- Set enterprise technology and process/methodology standards
- Engineer project and program systems and solutions for majors and targeted non-majors
- Build and operate targeted infrastructure components such as
 - Modernized Development/Integration/Test Environment
 - Enterprise Application Integration Broker
 - Portal Program Mgmt Office
- Lead IT demand management and modernization programs for IRS IT portfolio investment decisions
- Establish and support tiered Governance and Program Control standards, processes for the IT portfolio

Enterprise Services: Key Initiatives

- Workforce recruiting, knowledge transfer, succession planning
 - Expand core engineering workforce, skills
 - Assume engineering leadership from contractor to IRS for targeted major releases
- Expand, fully institutionalize programs for increasing maturity and quality of IT service delivery
 - Tiered Governance and Program Control
 - Modernization Vision & Strategy
 - Demand Management
 - Business Rules and Requirements
 - Security and privacy components of Enterprise Life Cycle and Governance
 - Configuration, Change and Release Management
- Envision and build comprehensive customer relationship management model for improved IT service delivery
- Develop integrated Infrastructure strategy and governance
- Execute Enterprise Data Strategy and other common services
- Execute New Portal Strategy
- Support for HSPD 12

Enterprise Services: Challenges

- Applying fit-for-purpose, technical and process standards across an IT portfolio consisting of hundreds of systems and projects, spanning the spectrum of scale and complexity
- Sustaining momentum of multiple, ongoing, enterprise-wide change initiatives
- Balancing operations, filing season, project delivery with process improvements and change initiatives
- Demand for ES and MITS services exceeds supply in terms of budget, resources, and leadership bandwidth

End User Equipment & Services: Offerings

- Provide end user desktop products, services, and support for over 105,000 IRS employees at headquarters and field sites.
- Operations include:
 - Enterprise Service Desk
 - Phone, web, and frontline support employees
 - Asset Management and Inventory Controls
 - Hardware / Software
 - End user hardware purchases, integration, deployment, and support
 - Voice and Data Support
 - Filing Season Support
 - Customer Relationship & Project Support
 - Desktop Security

End User Equipment & Services: Key Initiatives

- Seat Management Business Process Re-engineering
- End-to-End Business Systems Monitoring and Enterprise Systems Management Tools Centralization and Consolidation
- Infrastructure
 - Printer Consolidation
 - Thin Client
 - Workstation Refreshment
- Enterprise Disk Encryption Phase II

End User Equipment & Services: Challenges

- **Seat Management Business Process Re-engineering**
 - Close gaps in cost and performance as compared to industry benchmarks and align with OMB's IT Infrastructure line of business.
 - Maintain alignment and synchronization with the MITS ITSM initiative to ensure a One MITS solution
 - Implement organizational change while managing the workforce transition and minimizing impact to service levels.
- **End-to-End Business Systems Monitoring and Enterprise Systems Management Tools Centralization and Consolidation**
 - Devoting the required resources to implement End to End business systems monitoring.
- **Enterprise Disk Encryption (EDE) Phase II**
 - Deployment of EDE during critical business cycles (ex. Tax Filing season)

Applications Development: Offerings

- Deliver integrated software solutions to achieve the vision and objectives of the Service by designing, developing, testing, deploying and maintaining a portfolio of more than 450 systems in both the legacy and modernized environments.
- Enable the processing of tax returns and other transactions
 - > 220 million Individual Taxpayer Accounts
 - > 43.4 million Business Taxpayer Accounts
 - > 3 million Tax Exempt and Government Entities managing over \$8 trillion in assets
 - > \$2.1 trillion in tax revenues collected, classified, and posted annually
 - > 23 million taxpayer inquiries per week researched
- Manage/maintain repositories containing > 68 million lines of source code
- Conduct Program Management Activities
 - Health Assessments of projects to reduce the likelihood of development delay and unmitigated risks
 - Development and updates of E-300s and E-53s
 - 32 Major
 - 250 Non-Major
 - Program Governance

Applications Development: Key Initiatives

- Knowledge Retention and Workforce Development
 - Provide positive control over business and technical data held by suppliers and employees
 - Succession Planning, Continues Learning, Strategic HR Planning
- IT Simplification / Modernization
 - Result in a sustainable environment that effectively delivers business solutions
 - Delivery Filing Season
 - Business Systems Modernization projects (CADE, AMS, MeF)
 - Retirement & Consolidation of Systems
 - Common Services & Reuse
 - Software Engineering Model
- Operational Effectiveness
 - Enable AD to deliver required capabilities and operate as an effective program and systems integrator in an organizationally solvent manner
 - Program Management & Governance
 - Workforce Agility
 - Transparency
- Secure IT Systems
 - Will increase the security of IRS IT systems, AD operations and drive increased IRS compliance w/ FISMA standards
 - Audit Trails
 - IT Security Management
 - Business Continuity

Applications Development: Challenges

- Deliver FY08 Filing Season
- Delivery of CADE Release 3.2
- Loss of skills and business knowledge due to retirements
- Ability to recruit personnel with the required skills
- Demand for AD products and services exceeds our resource availability
- Modernizing while maintaining the existing processing environment
- Complexity of the operational environment

Enterprise Operations: Offerings

- Provide efficient, cost effective, secure, and highly reliable computing services (server and mainframe) for all IRS business entities and taxpayers.
- Responsible For:
 - Service Delivery for Mainframe and Server operations supporting 450 applications
 - Three Computing Centers (Martinsburg, Memphis, and Detroit)
 - 18 Mainframe LPARS across 3 computing centers (IBM and Unisys)
 - 3,000 Servers across computing center, campus and field locations (Unix, Wintel, and Linux)

Enterprise Operations: Key Initiatives

- Tape Encryption
 - Implement mainframe encryption capabilities
- Server Consolidation/Virtualization
 - Secure funding and procurement vehicle
 - Begin build-out of virtualized environments in campus and computing center locations
- TRIPLEX
 - Implement a Uniform Operating Environment with standard processes and tools
- Secure and Control Mainframes and Servers
 - Realign MITS servers into EOPS
 - Implement Standard Patch Management
 - Secure and Consolidate Detroit Mainframe
 - Work with Business Units to secure and control all servers (computing centers, secure computer rooms, etc.)

Enterprise Operations: Challenges

- Delivery of the 2008 Filing Season
 - Ensuring all hardware/software is ready (including new mainframes and tape drives with late 2007 delivery schedules)
- Securing IT Assets
 - Addressing all FISMA issues
 - Correcting security vulnerabilities
- Sustaining an Aging Infrastructure

Enterprise Networks: Offerings

- TNet Center of Excellence – Serving Treasury and all its Bureaus to provide Wide Area Network services
- Call Center – Support for toll-free operations, including usage, services, ACD/IVR acquisitions and maintenance and the Joint Operations Center support
- Enterprise Voice Services – Provides local, long distance circuitry, VoIP systems installation, maintenance, video conference and VMS. Provides wireless services –cell phones, pagers, satellite lease, calling cards, and Enterprise Remote Network Access.
- Engineering & Capacity Management – Planning and design specific to architecture, technical direction, engineering design, standards and capacity management
- Firewall operations – Operate firewalls for the enterprise

Enterprise Networks: Key Initiatives

- TCS to TNET Technical Transition
- Network Security
- Center Of Excellence
- IPv6
- Knowledge Retention and Workforce Development

Enterprise Networks: Challenges

- Loss of skills and business knowledge due to retirements
- Ability to recruit and retain personnel with required skills
- Coordinating and collaborating across organizations to leverage existing resources and power of TNET
- Implementing a fully converged voice/data network under funding and resource competition
- Function as a HPO, monitor integration metrics, and improve project management